

SENATE BILL 3278

By Burchett

AN ACT to amend Tennessee Code Annotated, Title 55
and Title 56, relative to insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 55, Chapter 4, Part 1, is amended by
adding the following as a new section:

§ 55-4-136.

(a) It is the policy of this state that no vehicle shall be registered or driven on the
highways of the state of Tennessee which is not in compliance with the Tennessee
Financial Responsibility Law of 1977, compiled in chapter 12 of this title.

(b) No registration or renewal of registration of a motor vehicle shall be issued by
the commissioner unless the application for registration or renewal is accompanied by
evidence that the vehicle and its owner have met the requirements of the Tennessee
Financial Responsibility Law of 1977, compiled in chapter 12 of this title, for the period in
which the registration or renewal will be valid. Every registration shall be accompanied
by the following notice: "THIS REGISTRATION SHALL AUTOMATICALLY TERMINATE
UPON THE FAILURE TO MAINTAIN EVIDENCE SHOWING THAT THIS VEHICLE
AND ITS OWNER MEET THE REQUIREMENTS OF THE TENNESSEE FINANCIAL
RESPONSIBILITY LAW."

(c) Submission of one (1) of the following shall be evidence sufficient to show a
vehicle's owner has complied with the requirements of the financial responsibility law as
required in subsection (b):

(1) A certificate, valid for one (1) year on forms provided by the
commissioner from an insurance company authorized to do business in this state

stating that a policy of insurance meeting the requirements of the Tennessee Financial Responsibility Law of 1977, compiled in chapter 12 of this title, has been issued and will be in force during the period of registration or renewal; or

(2) A certificate, valid for one (1) year issued by the commissioner of safety stating that a cash deposit or bond in the amount required by the Tennessee Financial Responsibility Law of 1977 has been paid or filed with the commissioner's office for the period of registration or renewal.

(d) Upon the cancellation or termination of any policy of insurance that was used as a basis of the certificate provided in subdivision (c)(1) prior to the expiration of such certificate where no replacement policy is issued the insurer shall within five (5) working days provide notice to the commissioner and to the insured that to the insurer's knowledge the vehicle no longer meets the requirement of the Tennessee Financial Responsibility Law of 1977, compiled in chapter 12 of this title, and that the registration of such vehicle will automatically terminate in sixty (60) days from the date of such notice unless such requirements are met.

(e) Upon the withdrawal of any cash deposit or bond that was used as a basis for the certificate provided in subdivision (c)(2) prior to the expiration of such certificate the commissioner shall within five (5) days provide notice to the registrant that to the commissioner's knowledge the vehicle no longer meets the requirements of the Tennessee Financial Responsibility Law of 1977, compiled in chapter 12 of this title and that the registration of such vehicle will automatically terminate in sixty (60) days from the date of such notice unless such requirements are met.

(f) The registration of any vehicle shall automatically terminate sixty (60) days from the date of notice to the commissioner pursuant to subsection (d) or (e), unless the owner of the vehicle provides the evidence provided in subsection (c).

(g) The commissioner shall, upon receipt of the notice provided in subsection (d) or (e), immediately notify the registrant that the registration of such vehicle will be terminated unless the registrant submits the evidence provided in subsection (c).

(h) Any insurance company that fails to provide the notice required in subsection (d) shall remain liable to the extent of the original policy limits for any accident the policy would have covered during the period of validity of the certificate or until the notice required in subsection (d) is provided to the commissioner, whichever is earlier.

SECTION 2. Tennessee Code Annotated, Section 55-12-140, is amended by deleting such section in its entirety.

SECTION 3. For the purpose of developing forms by the commissioner of commerce and insurance, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes this act shall take effect January 1, 2011, the public welfare requiring it.